

Locke Lord QuickStudy: OFAC Russia Related Sanctions Update: ?July 18, 2023?

Locke Lord LLP

WRITTEN BY

Ryan Last

On June 28, 2023, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and the UK's Office of Financial Sanctions Implementation of His Majesty's Treasury ("OFSI"), released a joint [fact sheet](#) on humanitarian assistance and food security ("Fact Sheet"). The regulators indicated that the purpose of the Fact Sheet is to offer further clarification on sanctions related to Russia, as well as the applicable authorizations, exceptions, and public guidance from both the United States and the United Kingdom. The Fact Sheet includes the following guidance from OFAC and OFSI:

- Non-governmental organizations ("NGO"s) and international organizations ("IOs") engaged in providing relief to individuals affected by Russia's war against Ukraine are not the focus of sanctions imposed by the U.S. or UK. OFAC has issued several general licenses that authorize transactions and activities related to humanitarian assistance by NGOs or IOs that would otherwise be prohibited under the [Russian Harmful Foreign Activities Sanctions Regulations](#) ("RuHSR") or the [Ukraine-/Russia-Related Sanctions Regulations](#). For example, [General License \("GL"\) 27](#) authorizes transactions by NGOs ordinarily incident and necessary to certain activities in Ukraine and Russia, including activities in support of humanitarian projects, democracy building, education, non-commercial development projects directly benefitting the people of Ukraine or Russia, and environmental and natural resource protection. Additionally, [Section 587.510 of the RuHSR](#) authorizes transactions related to the official business of certain NGOs and IOs, including the United Nations and International Committee of the Red Cross. For the UK, OFSI has issued [GL INT/2022/1947936](#), which permits certain NGOs and IOs, including the United Nations and UK Disasters Emergency Committee, to carry out humanitarian activities and other activities that support basic human needs in relation to the war in Ukraine. Both OFAC and OFSI urge NGOs and IOs to obtain specific licenses for activities not otherwise covered by general licenses.
- The U.S. has not imposed sanctions on the exportation of agricultural commodities, medicine, or medical devices to, from, transiting, or related to Russia. OFAC references [GL 6C](#), which permits, until further notice, transactions related to: (1) the production, manufacturing, sale, transport, or provision of agricultural commodities, agricultural equipment, medicine, medical devices, replacement parts and components for medical devices, or software updates for medical devices; (2) the prevention, diagnosis, or treatment of the COVID-19; and (3) clinical trials and other medical research activities. Under the UK sanctions regime, financial institutions are permitted to process transactions related to the exportation of agricultural commodities, medicine, or medical devices to, from, transiting, or related to Russia, provided the finances are being provided in the context of humanitarian delivery or other activities that support basic needs.
- U.S. and UK financial institutions may process transactions involving Joint Stock Company Russian Agricultural Bank ("Russian Agricultural Bank") related to the exportation of agricultural commodities to, from, transiting, or related to Russia, subject to certain conditions. OFAC clarifies that while Russian Agricultural Bank is not listed on OFAC's Specially Designated Nationals and Blocked Persons List or subject to any other blocking sanctions, Russian Agricultural Bank is subject to [Directive 3 under EO 14024](#) and [Directive 1 under EO 13662](#), which impose certain restrictions on U.S. persons dealing in new debt of Russian Agricultural Bank with a maturity longer than that defined in each respective directive and new equity on behalf of Russian Agricultural Bank. However, certain transactions involving Russian Agricultural Bank may be authorized pursuant to the above referenced [GL 6C](#). While Russian Agricultural Bank is subject to an asset freeze in the UK, [GL](#)

[INT/2022/2349952](#) allows Department of International Trade license holders and non-designated exporters, producers, sellers, or transporters of agricultural commodities to (i) receive funds and economic resources from designated persons such as Russian Agricultural Bank, and (ii) transfer funds and economic resources to designated persons such as Russian Agricultural Bank in connection with such agricultural commodities transactions.

Conclusion

This paper is intended as a guide only and is not a substitute for specific legal or tax advice. Please reach out to the authors for any specific questions. We expect to continue to monitor the topics addressed in this paper and provide future client updates when useful.

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